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OBTAINING AND UNDERSTANDING YOUR CREDIT REPORT AND CREDIT SCORE

All Delaware citizens are eligible to receive a free credit every year from each of the three credit reporting companies: Equifax, Experian and TransUnion. This means that you can get a total of three free reports each year. Your spouse can also get three free reports each year. You may want to stagger your requests throughout the year so that you can check periodically on new information added to your report.

To obtain your free credit report go to www.annualcreditreport.com, call 877-322-8228, or mail your request to Annual Credit Report Request Service, P.O. Box 105281, Atlanta, GA 30348-5281. This is the only place you can get a free report. You will have to provide your name, address, Social Security number, and date of birth. Be careful of offers from other sources for free credit reports that may require you to pay for something. They may even be “imposter sites” used by scammers to gather your personal information.

Credit reports show your bill-paying history including late payments, the number and kind of accounts you have, the length of time you have held an account, the amount of credit available, collection actions, and outstanding debt. The report may include information on judgments, liens, or bankruptcy. The information on the credit report is used to determine your credit score.

You are not entitled to a free copy of your credit score. Credit scores can be purchased for a fee when you order your free credit report or directly from one of the credit reporting companies.

Credit scores evaluate the information contained in credit reports through a complex mathematical model. Credit scores are used by lenders to estimate the risks they face in lending money. Experience has shown in general that if a person has a high credit score, the lender’s risk in loaning money to him or her is lower. Lenders therefore are more willing to lend money to people with high credit scores. Your credit score will often determine whether you qualify for a loan and will affect the rate of interest you’ll have to pay. Credit scores are also used by landlords to determine if an applicant for an apartment is more or less likely to pay the rent on time. Even

potential employers may consider credit scores for job applicants.

One commonly used credit score is “FICO,” developed by Fair Isaac Corporation. FICO scores range from 300-850. A higher number is a better score. Most people have scores in the 600s and 700s. Many factors affect your score and you can improve your score by making changes that affect these factors.

For example, paying bills on time can increase your credit score as your payment history is probably the most important component in your score. If you have made late payments in the past, improve your score by making payments on time.

If you carry a balance on credit cards, keep the balances well below your credit limits. Maxed out credit cards have a negative affect on your score. Pay down your debts. Carefully consider whether you need additional credit before applying for new loans or credit cards. Don’t sign up for every new offer that comes your way. Ask your credit card companies to lower interest rates on the cards you have. And, always pay more than the minimum payment to bring down your credit card balances.

Checking your credit report regularly will help you in many ways. You can identify and correct mistakes by contacting the credit reporting company before you apply for a loan. Errors on a credit report may mean that your identity has been compromised by someone using your name or social security number. If you suspect identity theft, ask the credit reporting company to put a “security alert” on your report. Go to www.state.de.us/attgen/ and click on the Attorney General’s “ID Theft Victim Kit” or call his Consumer Protection Unit at 800-220-5424 or 302-577-8600 for step by step information on what to do if you become the victim of an identity thief.